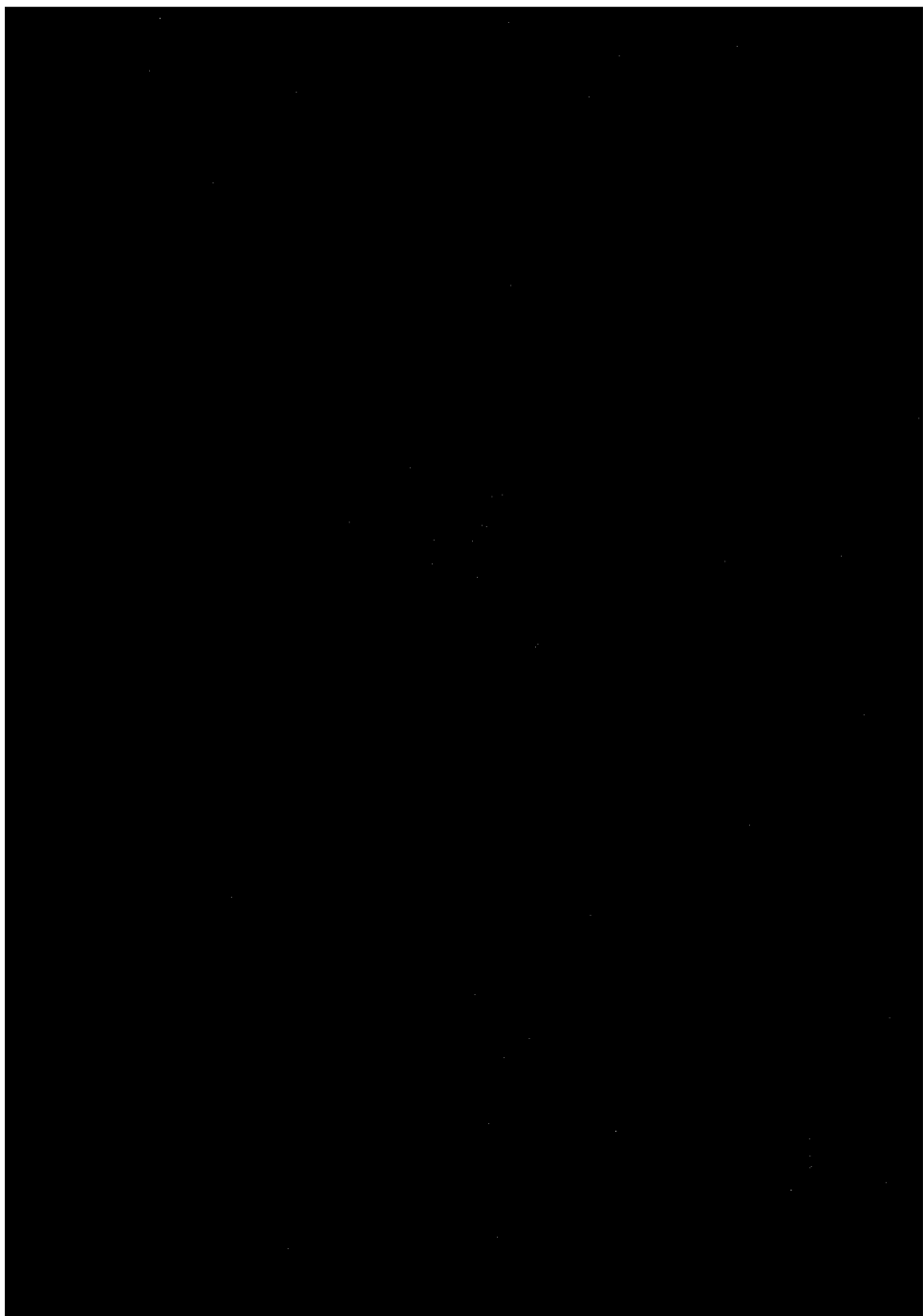


Ninth Annual Report



The
Crow's Nest Pass
Coal Company
Limited

1905



Ninth
Ninth
Annual Report

The Crow's Nest Pass
Coal Company
LIMITED

1906
~~1905~~

Board of Directors

President

HON. GEO. A. COX, SENATOR
President Canadian Bank of Commerce, Toronto

First Vice-President

ROBERT JAFFRAY
Director Imperial Bank of Canada, Toronto

Second Vice-President

LIEUT.-COL. SIR HENRY M. PELLATT, K.B.
Messrs. Pellatt & Pellatt, Brokers; President Toronto Electric Light Co., Toronto

Third Vice-President

G. G. S. LINDSEY, K.C.
Toronto

~~**WILLIAM FERNIE**~~
~~Victoria, B.C.~~

LIEUT.-COL. J. D. CHIPMAN
Director Imperial Trusts Company, St. Stephen, N.B.

~~**DAVID MORRICE**~~
~~Messrs. D. Morrice & Sons, Montreal~~

E. R. WOOD
Vice-President Central Canada Loan & Savings Company, Toronto

THOMAS WALMSLEY
Messrs. Scott & Walmsley, Underwriters; ~~Director Ontario Bank, Toronto~~

LIEUT.-COL. JAMES MASON
Managing Director The Home Bank, Toronto

~~**FREDERIC NICHOLLS**~~
~~Managing Director Canadian General Electric Company, Toronto~~

C. C. DALTON
Messrs. Dalton Bros.; Director Manufacturers' Life Insurance Company, Toronto

JAMES W. WOODS
Woods Limited, Manufacturers, Ottawa

OFFICERS

General Manager	G. G. S. LINDSEY, K.C.
Treasurer	E. R. WOOD
Secretary and General Counsel	G. G. S. LINDSEY, K.C.
General Superintendent	R. G. DRINNAN
Geologist and Land Commissioner	JAMES McEVOY
Comptroller and Purchasing Agent	DANIEL DAVIES
Auditor	JOSEPH G. LANGTON

Directors' Report

The Directors beg to submit to the Shareholders of the Company their Ninth Annual Report, including Statement of Assets and Liabilities, as of 31st December, 1905.

The balance at the credit of Profit and Loss Account brought forward from 1904 amounts to \$203,320.44. To this has been added the sum of \$497,898.68, being the Company's net profits from the operations of the year; also the sum of \$35,400.00, representing the premium received from final payments on the stock last issued, so that the income of the Company for the year is \$533,298.68 and the aggregate to the credit of Profit and Loss Account is \$736,619.12. From this amount, the Directors have paid four dividends of $2\frac{1}{2}\%$ each, making 10% for the year amounting in all to \$349,418.05, have transferred to the Reserve Fund the sum of \$35,400.00, representing the income derived from the premium on calls on the new stock, and have carried forward to 1906 \$354,801.07 to the credit of Profit and Loss Account. This amount represents the net profits of the Company from operations, after payment of dividends.

The increase in coal mined this year over last amounts to 89,039 tons, and the production of coke has increased by 12,584 tons. The exports of coal have increased nearly 100%, or by 113,638 tons, and the coke exports still continue to show an increase.

During the year there has been spent on improvements the sum of \$209,576.55, the larger portion of the expenditure being at Coal Creek, as the result of the destruction of the wooden tippie by fire on the 11th day of March last. This structure was replaced by a modern steel tippie, dump and screening plant, capable of handling 4000 tons of coal a day, at an expenditure of \$196,000.00.

During the year H. B. Wright C.E., resigned his position as

Chief Engineer, and an arrangement was made whereby his duties were transferred to James McEvoy, C.E., the Company's Geologist.

The staff at Fernie and the Collieries is efficient, and working zealously in the Company's interests. Complete harmony exists between the Company and all its employees, and everything points to a continuance of friendly relations. In the early part of the year a new contract between the Company and its men was entered into, which expires on the first day of April, A.D., 1907.

All of which is respectfully submitted.

G. G. S. LINDSEY,

General Manager.

GEO. A. COX,

President.

TORONTO, 9th February, 1906.

The Crow's Nest Pass Coal Company
LIMITED

GENERAL STATEMENT 31ST DECEMBER, 1905

ASSETS

Mines, Real Estate, Plant, Development, etc.	\$5,374,644.89
Securities Owned - - - - -	328,296.98
Accounts Receivable - - - - -	616,803.27
Cash on hand and in Bank - - - - -	13,772.98
	<u>\$6,333,518.12</u>

LIABILITIES

Capital Stock fully paid up - - - - -	\$3,500,000.00
Bills Payable - - - - -	367,769.96
Accounts Payable - - - - -	226,447.09
Dividend No. 20, payable 1st Jan., 1906	87,500.00
Reserve Fund - - - - -	1,800,000.00
Profit and Loss - - - - -	351,801.07
	<u>\$6,333,518.12</u>

E. R. WOOD,
Treasurer.

The Crow's Nest Pass Coal Company
LIMITED

PROFIT AND LOSS ACCOUNT

For year ending 31st December, 1905

Balance at Credit, 31st Dec., 1904	\$203,320.44	
Net Profits for 1905	- -	497,898.68
Premium Received on calls paid on new Stock	- - -	35,400.00
		<u>\$736,619.12</u>

APPROPRIATED AS FOLLOWS:

Dividends Paid	- - -	\$349,418.05
Transferred to Reserve Fund		35,400.00
Balance carried forward to 1906		351,801.07
		<u>\$736,619.12</u>

TORONTO, 9th February, 1906.

E. R. WOOD,
Treasurer.

I have examined these statements of Profit and Loss, and of Assets and Liabilities, also the books and vouchers of The Crow's Nest Pass Coal Company, Limited, and find the same correct.

J. G. LANGTON,
Auditor.

TORONTO, 9th February, 1906.

PROCEEDINGS
OF THE
Ninth Annual General Meeting
of Shareholders

The Annual Meeting of the Shareholders of the Crow's Nest Pass Coal Company, Limited, was held in the Board Room of the Company, Toronto, on Friday, the ~~9th~~ day of February, 1906, at 2.30 p.m.

The following Shareholders were present, representing 81 per cent of the Stock :—

IN PERSON,

J. A. M. Alley
Norman Ainley
E. S. Ball
Geo. Broughall
Hon- Geo. A. Cox
Lieut.-Col. J. D. Chipman
D. S. Cassels
F. Barlow Cumberland
D. Davies
C. C. Dalton
Dr. E. H. Greene
James Gunn
James Henderson
Beverley Jones
Sidney H. Jones
Robert Jaffray
G. G. S. Lindsey, K.C.

Major J. G. Langton
W. P. Murray
W. J. Morrice
Lieut.-Col. James Mason
Lieut.-Col. Sir Henry M. Pellatt,
K.B.
Thomas Patterson
Charles Perry
R. H. Shipman
Henry Swan
Colonel G. A. Stimson
W. C. Stikeman
S. C. Smoke
J. Stark
Samuel Trees
S. H. Thompson
Thos. Walmsley

BY PROXY,

Murray Alexander	Mrs. Sarah Jaffray
T. G. Brough	D. Morrice
S. G. Beckett	W. E. McKeough
Ralph Brecken	R. J. McLaren
Samuel Crangle	G. H. McLaren
D. S. Curry	D. Morrice, jr.
Cassels, Sons & Co.	Wm. McFarren
G. W. Cook	Jas. McEvoy
H. H. Cook	C. G. Major & Jos. Hunter
B. M. Chambers	A. K. McLaren
R. G. Drinnan	F. Nicholls
J. L. Davidson	E. T. Nichols
Sarah Duck	J. Northway
Mrs. M. M. Ellis	Osborne & Francis
Miss Catherine O. Elwell	Osler & Hammond
Lady M. Edgar	Jas. Kerr Osborne
Jas. F. Edgar	T. H. Purdom
William Fernie	Henry Pellatt
Estate of Samuel Finley	Catharine Purdy
Elizabeth Folingsby	Kate M. Perrin
Elise L. Greene	Harriott B. Stayner
L. E. Gouinlock	Marion B. Smith
R. W. Gouinlock	C. C. Smith
James Gouinlock	Violet A. Tobin
H. J. Gardiner	Mrs. Elizabeth Turner
Gen. Richard T. Godman	Toronto General Trusts Cor.
J. H. Hyland	W. T. White
James Henderson	V. D. Williamson
C. M. Howell	E. R. Wood
Harris Cook & Co.	I. M. Walker
Ella B. Harriss	D. R. Wilkie
J. H. G. Hagarty	A. W. Vowell
Jeffrey Hale	H. S. Walker
H. S. Holcroft	William Walker
F. J. P. Gibson	W. Robert
C. W. Irwin	H. S. Strathy

The President, Hon. Geo. A. Cox, having taken the

Chair, Mr. G. G. S. Lindsey was requested to act as Secretary to the meeting.

The Minutes of the previous meeting were taken as read.

The Secretary, after reading the Notice calling the Meeting, read the Ninth Annual Report of the Directors, and the accompanying Financial Statement.

THE PRESIDENT'S ADDRESS

The HON. SENATOR ~~GEORGE A. COX~~, President of the Company, said : Gentlemen, I beg to move the adoption of the Report.

In connection with the resolution, certain information has been prepared, which I think will be of interest to the shareholders, and after giving that, any questions which you may ask in connection with the report will be gladly answered.

The Directors' Report and Financial Statement, which you have just heard read, show that the Company has passed a satisfactory year and indicate the steady growth we all desire. To illustrate this feature, I would like to call to your attention the figures indicating the coal and coke production of your Company since its inception. The coal production was as follows :

In the year 1898, we produced 8,986 tons.

"	1899	"	116,200	"
"	1900	"	220,458	"
"	1901	"	425,457	"
"	1902	"	441,236	"
"	1903	"	661,118	"
"	1904	"	742,210	"
"	1905	"	831,249	"

Of the tonnage produced in 1905, 397,657 tons were sent to the coke ovens, and produced 257,702 tons of coke, as against 245,118 tons of coke produced in 1904, while the balance, 433,592 tons (with the exception of 35,843 tons consumed under the boilers) was disposed of as merchantable coal.

The coke production by years was as follows :—

In the year 1898 we produced,	361 tons.
“ 1899 “	29,658 “
“ 1900 “	73,496 “
“ 1901 “	125,085 “
“ 1902 “	120,777 “
“ 1903 “	167,739 “
“ 1904 “	245,118 “
“ 1905 “	257,702 “

During the year the Company's pay rolls amounted to \$1,486,047.51, as against \$1,419,735.37 in 1904, while the additions to plant and equipment at the different collieries amounted to \$209,576.55.

The amounts paid for royalty and taxes to the British Columbia Government for the year were as follows :—

On Coal	\$37,215.85
On Coke	20,762.73
Other Taxes	8,054.14

Altogether \$66,032.72

which is equivalent to over 12% of our income.

On the 11th of March, 1905, the wooden trestle and tipple at Coal Creek, constituting the Company's whole machinery for handling coal at that point, were completely destroyed by fire. The structures were well insured, so that the direct loss to the Company was comparatively small, although our operations were quite seriously retarded at this point during the remainder of the year. The indirect loss made up by the extra cost of handling the coal, and the consequent inability to fill orders has been heavy. In order to prevent such a contingency in future, your Directors, as intimated in their report, have had constructed a modern steel tipple, trestle and screening plant, which will enable the handling of Coal Creek coal more economically than ever before.

This cheaper method of handling coal at Coal Creek, and the dearer cost of mining at Carbonado have induced the Directors to transfer the business at the latter point to the Coal Creek Mines, until such time as a considerable increase in the Company's operations will permit of the mining of a much larger tonnage at Carbonado than there is at present a demand for.

At the Michel Mines, a system of pneumatic haulage has been installed, comprised chiefly of a new air compressor and two air

locomotives. These machines are giving satisfaction, and have reduced the cost of handling coal at Michel Mines by this method, in comparison with haulage by horses and mules.

At Fernie a new modern office building is under construction, made necessary by the largely increasing business of the Company, and it is expected that it will be completed about the 1st of April next.

It is gratifying to note that our exportations of coal and coke into the United States are growing.

The year 1905 will be remembered as one in which our capacity for supplying coal at Coal Creek was not at times equal to the demand. Had it been so, our showing for the year would have been better than it is. The reason for our not being able to meet the demand is obvious in the loss of the tippie at that point, previously referred to.

The changes in the organization, to which attention was called in last year's report, have worked out advantageously, and our present force is an effective and efficient one, working harmoniously in the best interests of the Company. The feeling of the miners towards the Company is good, and in March last a new agreement extending two years from April 1st was entered into with them.

In looking over our balance sheet for the year I find that our Statement of Assets and Liabilities is practically unchanged, and I will take the liberty of reminding you again that these fixed assets are made up almost entirely of cash investments in plant and development, and that the great bulk of our coal areas can hardly be said to have any representation among them.

In this connection, the Directors have had under consideration for some time a plan for reorganization of the Company, so as to bring its nominal capital more in line with the actual value of the Company's holdings, and it is hoped that at an early date a Special General Meeting of this Company will be called, at which will be laid before the shareholders a plan having this for its object, and which they will be asked to consider and approve of.

The information submitted to the shareholders to-day will, I venture to hope, be regarded as highly satisfactory, and it would be an injustice to Mr. Lindsey, the Managing Director, if I failed to place on record, and to tell the shareholders how deeply indebted the Directors feel to him for the splendid work he has done for the Company during the past three years. When he

assumed the Management there were a number of important matters requiring capable, careful and special attention, and these have all been placed upon a satisfactory basis by the able and untiring efforts of our Managing Director. In no way has he rendered the Company more valuable service than in the selection of the excellent staff of officers with which he has perfected his organization.

Mr. R. G. Drinnan, General Superintendent of the Company, has conducted its mining operations during a very trying year, with great credit. There has been effected a not inconsiderable reduction in the cost of coal, notwithstanding the difficulties and extra expenses resulting from the disastrous fire at Coal Creek in the early part of the year.

The Company's system of keeping accounts is as perfect and elaborate, your directors think, as that of any Coal Company in America, and reflects great credit on Mr. Davies, the Comptroller, who has brought this department of the Company's business up to its present excellent standard.

The Company's lands have been placed in charge of Mr. James McEvoy, C.E., the Company's Geologist, and he has developed plans by which a considerable return may be looked for from this source in the future. He has also been appointed Chief Engineer, to replace Mr. H. B. Wright, C.E., with whom the Company parted with much reluctance.

Your Directors regret to have to record the death of one of their number, Mr. J. A. Gemmill, towards the close of the year. Mr. Gemmill had been associated with the Company since its inception, and was for many years its Secretary and Solicitor, and always a most useful member of the Board.

On the 21st of August Mr. Harold C. Davis, the Assistant Secretary of the Company, died. He had been a most zealous and capable officer, and his loss was keenly felt and deeply deplored by your Directors.

THE VICE-PRESIDENT'S ADDRESS

~~Mr. Robert Jaffray~~, in seconding the motion to adopt the Report, said :—

The subsidiary companies continue to expand their operations, and become more useful to the parent Coal Company, and I feel it well to make some reference to them in my remarks.

The Morrissey, Fernie and Michel Railway Company now operates, under lease, the Coal Creek Branch, and the operation of this and its other lines during the year has yielded a profit. Considerable expansion in the way of re-trackage to the Coal Company's operating plants, has been made during the year.

The Electric Light and Power Company has, during the year just closed, installed a public telephone system at Fernie, and the results show that it can be operated profitably.

The water service at Fernie has been greatly improved by the establishment of two reservoirs, one for the town supply and another for the use of the coke ovens, and by the replacement of the four-inch mains with twelve-inch pipe. At a test which was made shortly after completion of the new work a one-inch stream was thrown 99½ feet vertically, promising excellent protection in case of fire.

As practically all the town lots in the original Fernie townsite had been disposed of, a new townsite, known as the "Fernie Annex" was placed on the market, and sales of lots therein have been satisfactory. The miners are beginning to purchase lots and build on them, so that they become citizens of the country and landed proprietors, which is in the best interests of all parties.

With improved facilities at Coal Creek and Michel we have reason to expect a continuance of our steady growth, and fields hitherto unreached will now be possible of attention. The efforts to improve the quality of the output by careful mining have been continued with good results, which will be enhanced by these increased facilities

The best evidence of the quality of the Company's coal and coke is given by the position awarded them when brought into contact with other fields. I am happy to be able to say to you that the Company was awarded the Gold Medal for coal and coke at the Lewis and Clark Centennial Exposition, held at Portland, Oregon, last year, and a bronze medal at the St. Louis World's Fair, held the year before.

The Great Northern Railway, which had just completed its extension at the time of our report last year, has been successfully operating into Fernie, and has become one of our best customers.

Considering the scope of the Company's operations the present freedom from claims and legal entanglements is a subject for congratulations.

The Report was unanimously adopted.

On motion of Lieut.-Col. J. D. Chipman, seconded by Mr. Thos. Walmsley, J. G. Langton was appointed Auditor of the Company for the ensuing year.

On motion duly made, the following By-laws were confirmed :—

BY-LAW No. 103.

Being a By-law to amend By-law No. 66, so as to give the Assistant Secretary power to sign share certificates.

BY-LAW No. 104.

Being a By-law to amend By-law No. 5, reducing the time for giving notice of the Annual or any Special General Meeting to seven days.

BY-LAW No. 105.

Being a By-law authorizing the Directors of the Crow's Nest Pass Coal Company, Limited, to acquire shares in the capital stock of the Morrissey, Fernie and Michel Railway.

BY-LAW No. 106.

Being a By-law of the Company to authorize the purchase of stock in the American Coal and Coke Company, Limited.

On motion of Lieut.-Col. James Mason, seconded by J. A. M. Alley, it was resolved that the thanks of the shareholders are due and are hereby tendered to the General Manager, General Superintendent, Comptroller, Land Commissioner, and other officers of the Company for their services to the Company in the fulfilment of their respective duties during the past year. This was responded to by the General Manager and the Comptroller.

On motion of Mr. C. C. Dalton, seconded by Mr. Thos. Walmsley, Messrs. Samuel Trees and E. S. Ball were appointed Scrutineers for the election of Directors.

On motion of Mr. Samuel Trees, seconded by Mr. Thos. Walmsley, it was resolved that the number of Directors for the ensuing year be thirteen.

On motion of Mr. F. Barlow Cumberland, seconded by Mr. Henry Swan, it was resolved that the meeting do now proceed to elect Directors for the ensuing year, and that for this purpose a ballot box be opened, and remain open until four o'clock this day, the poll to be closed, however, whenever one minute shall have elapsed without a vote being tendered, the result of the election to be given by the Scrutineers to the Chairman.

The ballot was then declared open. After the lapse of one minute without any ballots having been cast during that time, the Scrutineers reported the following gentlemen elected Directors for the ensuing year :—

HON. GEO. A. COX, ROBERT JAFFRAY,
LT.-COL. SIR HENRY M. PELLATT, K.B. ~~WILLIAM FERRIS,~~
LT.-COL. J. D. CHIPMAN, ~~EDWARD MORTIMER,~~ E. R. WOOD.
THOS. WALMSLEY, LT.-COL. JAS. MASON,
FREDERIC NICHOLS, G. G. S. LINDSEY, K.C., C. C. DALTON,
JAMES W. WOODS.

The meeting then adjourned.

At a subsequent meeting of the Directors the following officers were elected :—

PRESIDENT
SENATOR GEO. A. COX.

VICE-PRESIDENTS
ROBERT JAFFRAY, ESQ., LT.-COL. SIR HENRY M. PELLATT, K.B.
G. G. S. LINDSEY, K.C.

TREASURER
E. R. WOOD.

The Crow's Nest Pass Coal Company

LIMITED

CAPITAL STOCK, (fully Paid up), - - \$3,500,000

**HEAD OFFICE
Toronto, Canada**

**OFFICE AT MINES
Ferne, B.C., Canada**

**TRANSFER AGENT AND REGISTRAR
OF COMPANY'S CAPITAL STOCK:**

**NATIONAL TRUST COMPANY, LIMITED
Toronto, Canada**

